

**REMARKS/ARGUMENTS**

Upon entry of this amendment, claims 1-3, 5-16, 18-25, 30 and 31 will be pending in this application and presented for examination. Claims 1 and 14 were amended. New claims 30 and 31 were added to more distinctly claim the invention. Support for the new claims can be found in the specification. No new matter has been added. Reconsideration is respectfully requested.

**Interview Summary**

Applicants would like to thank the Examiner for the interview conducted on Dec. 29, 2004. During the interview, Applicants' attorney discussed with the Examiner about rejections of claims 1-3, 5-16, and 18-25 made in the Office Action mailed Oct. 5, 2004. Applicants' attorney explained to the Examiner certain arguments made in the previous Amendment mailed August 11, 2004. In addition, Applicants' attorney and the Examiner discussed that Woolston (U.S. Patent No. 5,845,265) does not appear to disclose or suggest "warranty" as recited in the pending claims.

**Claims**

Claims 1, 3, 5-11, 14, 16, 18-23 and 25 stand rejected under 35 U.S.C. § 102(b) as allegedly being anticipated by Woolston. Additionally, claims 2, 12, 13, 15, and 24 stand rejected under 35 U.S.C. § 103(a) as allegedly being obvious over Woolston in view of admitted prior art. Applicants respectfully traverse all the Examiner's rejections.

**A. Claim 1**

Woolston fails to disclose all limitations of claim 1. More particularly, claim 1 recites "wherein said merchandise inspection report is conducted by an impartial third party, said merchandise inspection report including a warranty as an assurance to said buyer." (emphasis added). Woolston fails to disclose these claim limitations.

"Warranty" as recited in claim 1 includes a remedy to a buyer with respect to accuracy of the merchandise inspection report. If the merchandise inspection report is not

accurate at no fault of a seller, the buyer has a cause of action against the impartial third party. This interpretation for “warranty” as claimed is consistent with a common use of the word “warranty.” For example, “[a] breach of warranty results from the failure of the subject matter of the contract to conform to the facts as represented, giving the injured party a cause of action for the breach.” [http://encarta.msn.com/encyclopedia\\_761577182/Warranty.html](http://encarta.msn.com/encyclopedia_761577182/Warranty.html).

In contrast, Woolston fails to disclose or suggest a warranty for the merchandise inspection report. Under the warranty, if the merchandise inspection report is not accurate at no fault of the seller, the impartial third party, not the seller, should compensate the buyer. The Examiner asserted that the consignment nodes of Woolston represent the assurance module of Applicants’ invention and the consignment nodes are third party individuals. (Office Action mailed October 5, 2004, page 2). But Woolston does not appear to disclose or suggest a remedy for the buyer against the consignment nodes. Accordingly, claim 1 is asserted to be allowable for at least the above reasons.

#### B. Claims 30 and 31

New claim 30 includes certain claim limitations deleted from the claim 1, and new claim 31 includes some claim limitations deleted from the claim 14. It is asserted that claims 30 and 31 are allowable for substantially the same reason as claim 1, and more particularly for the specific features they recite.

#### C. Remaining Claims

In light of the above, it is asserted that claims 2, 3, 5-16, and 18-25 are allowable for substantially the same reason as claim 1, and more particularly for the specific features they recite.

#### CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

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PATENT

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,



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